



**HOLD**

**Target Price : IDR7,900**

## Stock Data

Current Price	: IDR7,725
52Wk Range (H-L)	: IDR5,960-7,790
Share Outstanding	: 123.28 bn
Free Float	: 45.06%
Mkt Capitalization (IDR Tn)	: 950.32

## Major Shareholders

Dwimuria Investama Andalan	: 60.61%
Public	: 45.06%

## PT Bank Central Asia Tbk (BBCA IJ)

Banking Sector

### Solid Earnings yet Already Priced In

#### FY21 Result : Above Expectation

- BBCA booked attributable net profit of IDR31.42tn in FY21 (106.7% MNCS estimate) or increasing 15.8% YoY.
- The increase in BBCA's bottom line primarily driven by higher net interest income and lower provisioning expense.
- BBCA's net interest income grew 3.5% YoY to IDR56.47tn in FY21 (vs IDR54.55tn in FY20) on the back of lower CoF despite lowering interest earning asset.
- Strengthening CASA (+19.1% YoY) helped CoF to decline 40 bps YoY. However loan yield dropped twice as fast as CoF amid lower interest rate environment causing NIM to squeeze to 5.1% in FY21 (vs 5.7% in FY20).
- Non-interest income rose 6.0% YoY and was attributable to strong fees and commission related to mobile and internet banking transaction.
- BBCA's loan expanded 8.2% YoY following the recovery of corporate segment (+12.3% YoY) that contributed to 43.2% from total outstanding loan.
- Total restructured loan including Covid-19 dropped 420 bps YoY to 14.6% in FY21 (vs 18.8% in FY20).
- NPL increased to 2.2% during the same period (vs 1.8% in FY20), yet improving from 2.4% in 1H21. Along with improving asset quality, BBCA's CoC fell 10 bps to 1.6% last year (vs 1.7% in FY20).

#### ESG Focus : Financing Sustainability & Delivering Social Impact

- BBCA's total sustainable finance portfolio (SFP) reached IDR154.4tn (+20.9% YoY/24.8% of total loan).
- Micro & SME SFP increased 14.3% YoY to IDR88.2tn while non-Micro & SME SFP grew 31.1% to IDR66.2tn in FY21.
- BBCA also set aside IDR136.2bn fund for social impact initiative by establishing 70 vaccination centers in collaboration with government and partners.
- Of IDR37.1bn was allocated for Covid-19 assistance by distributing 1) >238k doses vaccine; 2) ~40.6k surgical gown; 3) >20mn surgical masks and 4) thousands antigen kit and other PPEs.
- As the largest constituent of iShares MSCI Indonesia ETF (EIDO), BBCA was rated 'A' for ESG initiatives in Nov-21.

#### Outlook & Recommendation : Maintain HOLD with Upgraded TP : IDR7,900

We are optimistic for BBCA's performance in FY22F. We believe BBCA's loan could grow 8.0-10% YoY on the back of BBCA's ample liquidity (LDR<70%). We also expect BBCA could maintain NIM at 5.0-5.2% on the back of stable CoF driven by its strong CASA growth and structure. In addition, BBCA aspires to cut back CoC to 0.8-1.0% in FY22F, which we believe is achievable given adequate provisioning and improving asset quality going forward. All in all we see BBCA's performance to remain solid in FY22F. However, share price has rallied since the stock split. Using DDM valuation, we maintain HOLD rating for BBCA with upgraded TP to IDR7,900 (vs IDR7,200 previously) or implying 4.3x FY22F PBV. Key risk to our call include 1) lower than expected loan growth and 2) unfavorable economic condition due to 3<sup>rd</sup> wave Covid-19 that may deteriorate asset quality.

#### Key Financial Highlight

Financial Performance	FY20	FY21	FY22F	FY23F
Net Interest Income (IDR bn)	54,161	56,136	63,011	69,210
Net Profit (IDR bn)	27,131	31,423	38,180	42,135
EPS (IDR)	220	255	310	342
PER (X)	35.1	30.3	24.9	22.6
BVS (IDR)	1,498	1,645	1,783	1,931
PBV (X)	5.2	4.7	4.3	4.0
ROAE (%)	15.1%	16.2%	18.1%	18.4%
ROAA (%)	2.7%	2.7%	3.0%	3.0%

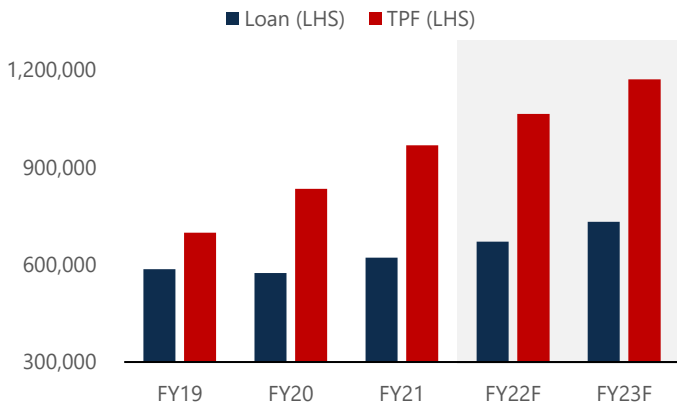
Sources : Bloomberg, MNCS



#### Research Analyst

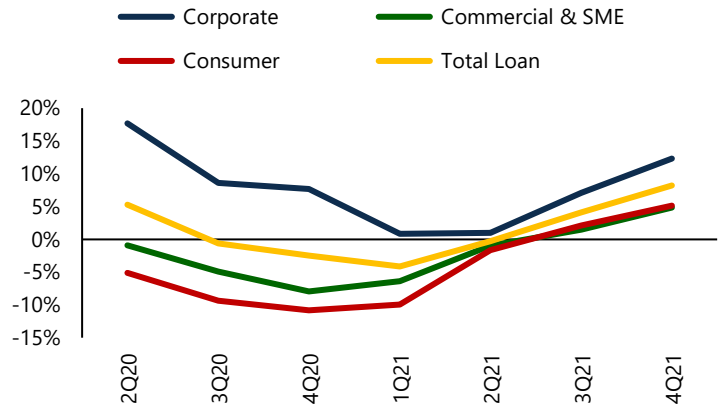
Tirta Citradi  
tirta.citradi@mncgroup.com

Exhibit 01. BCA Loans & TPF (IDR bn)



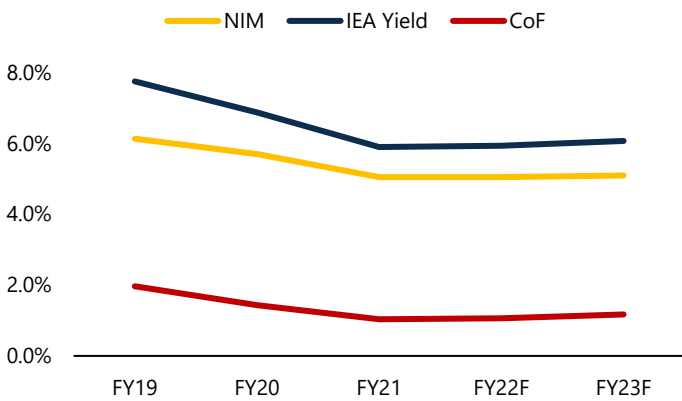
Sources : BCA Financial Statement, MNCS

Exhibit 02. BCA Loan Growth by Segment (%YoY)



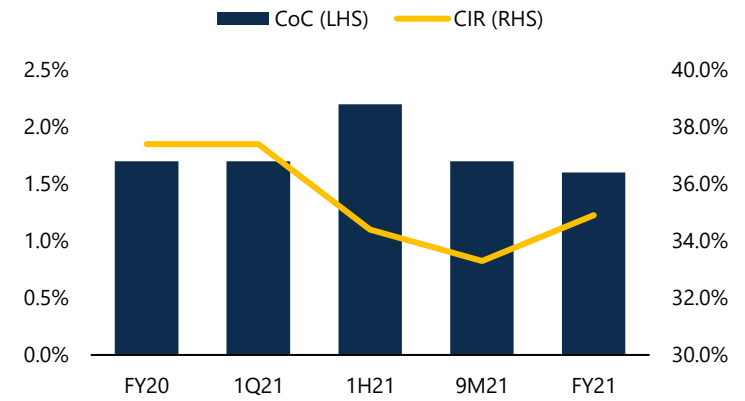
Sources : BCA Financial Statement, MNCS

Exhibit 03. BCA Earning Assets Yield, CoF and NIM



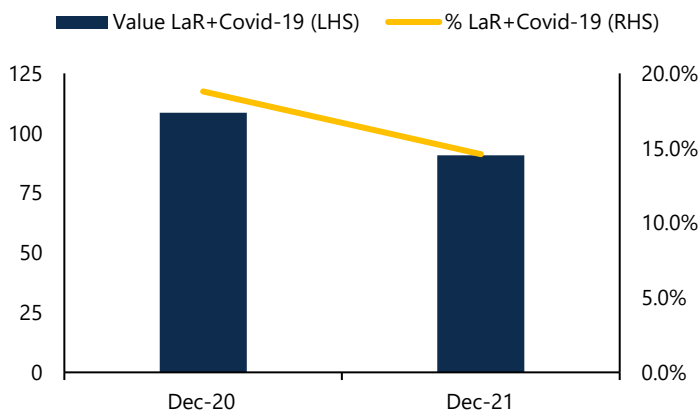
Sources : BCA Financial Statement, MNCS

Exhibit 04. BCA CoC & CIR



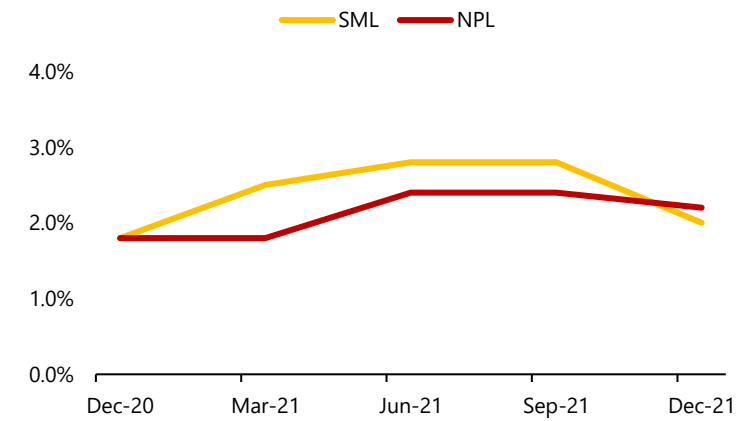
Sources : BCA Financial Statement, MNCS

Exhibit 05. BCA Restructured Loan and LaR



Sources : BCA Financial Statement, MNCS

Exhibit 06. BCA SML & NPL



Sources : BCA Financial Statement, MNCS

## Exhibit 10. BBNi Financial Projection

Income Statement (IDR Bn)	FY19	FY20	FY21	FY22F	FY23F
Interest Income	63,838	65,403	65,627	74,028	82,515
Interest Expense	(13,360)	(11,242)	(9,491)	(11,017)	(13,306)
<b>Net Interest Income</b>	<b>50,477</b>	<b>54,161</b>	<b>56,136</b>	<b>63,011</b>	<b>69,210</b>
Non Interest Income	21,145	21,004	22,338	24,201	26,312
<b>Operating Income</b>	<b>71,623</b>	<b>75,165</b>	<b>78,473</b>	<b>87,212</b>	<b>95,522</b>
Operating Expense	(30,742)	(29,969)	(30,308)	(32,850)	(35,620)
<b>PPOP</b>	<b>40,880</b>	<b>45,420</b>	<b>48,165</b>	<b>54,361</b>	<b>59,901</b>
Provision Expense	(4,591)	(11,628)	(9,324)	(6,718)	(7,322)
<b>Pre-Tax Profit</b>	<b>36,289</b>	<b>33,569</b>	<b>38,841</b>	<b>47,644</b>	<b>52,579</b>
Tax	(7,719)	(6,421)	(7,401)	(9,442)	(10,420)
<b>Attributable Net Profit</b>	<b>28,565</b>	<b>27,131</b>	<b>31,423</b>	<b>38,180</b>	<b>42,135</b>

Balance Sheet (IDR Bn)	FY19	FY20	FY21	FY22F	FY23F
Cash	25,421	24,322	23,616	28,238	30,908
CA with BI	47,905	27,482	65,785	85,237	93,761
Placement with BI and Banks	30,948	47,451	87,149	100,221	112,749
Securities & Government Bonds	143,053	192,753	224,512	249,814	277,968
Loans	586,940	574,590	622,013	671,774	732,234
<b>Total Earning Assets</b>	<b>847,961</b>	<b>1,000,800</b>	<b>1,159,284</b>	<b>1,272,969</b>	<b>1,384,406</b>
Non Earning Assets	71,029	74,770	69,061	71,705	87,392
<b>Total Assets</b>	<b>918,989</b>	<b>1,075,570</b>	<b>1,228,345</b>	<b>1,344,673</b>	<b>1,471,798</b>
Current Account	184,918	228,985	284,594	297,468	327,215
Saving Account	345,634	413,161	480,000	527,564	580,320
Time Deposits	168,428	192,138	204,013	240,436	264,480
<b>Third Party Fund</b>	<b>698,980</b>	<b>834,284</b>	<b>968,607</b>	<b>1,065,467</b>	<b>1,172,014</b>
<b>Interest Bearing Liabilities</b>	<b>716,454</b>	<b>852,536</b>	<b>988,979</b>	<b>1,086,874</b>	<b>1,194,007</b>
<b>Total Liabilities</b>	<b>744,846</b>	<b>890,856</b>	<b>1,025,496</b>	<b>1,124,905</b>	<b>1,233,698</b>
<b>Shareholder Equity</b>	<b>174,143</b>	<b>184,715</b>	<b>202,849</b>	<b>219,768</b>	<b>238,100</b>
<b>Total Liabilities &amp; Equity</b>	<b>918,989</b>	<b>1,075,570</b>	<b>1,228,345</b>	<b>1,344,673</b>	<b>1,471,798</b>

Financial Ratio	FY19	FY20	FY21	FY22F	FY23F
IEA Yields	7.7%	6.9%	5.9%	5.9%	6.1%
CoF	2.0%	1.4%	1.0%	1.1%	1.2%
NIM	6.1%	5.7%	5.0%	5.0%	5.1%
CIR	42.9%	39.9%	38.6%	37.7%	37.3%
BOPO	57.3%	61.2%	55.8%	51.5%	51.7%
ROAA	3.3%	2.7%	2.7%	3.0%	3.0%
ROAE	17.5%	15.1%	16.2%	18.1%	18.4%
ROE	16.4%	14.7%	15.5%	17.4%	17.7%
LDR	81.7%	66.6%	61.7%	61.1%	60.6%
NPL, gross	1.3%	1.8%	2.2%	1.9%	1.7%
CoC	0.7%	1.7%	1.5%	1.0%	1.0%

Sources : BBKA Financial Statement, MNCS

### MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

### PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16

Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340

Telp : (021) 2980 3111

Fax : (021) 3983 6899

Call Center : 1500 899

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